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# Missouri Real Estate Malpractice Insurance Report

Statistics Section  
July 2007



**DIFP**  
Department of Insurance  
Financial Institutions &  
Professional Registration

# **MISSOURI REAL ESTATE MALPRACTICE INSURANCE REPORT 2006**

**Department of Insurance, Financial Institutions &  
Professional Registration  
Statistics Section  
July 2007**

# Other Publications

## Available from the Missouri Department of Insurance, Financial Institutions & Professional Registration

The Department of Insurance, Financial Institutions & Professional Registration publishes the following reports. These reports are available by sending a written request along with \$35 to:

**Department of Insurance, Financial Institutions & Professional Registration**  
**P.O. Box 690**  
**Jefferson City, MO 65102-0690**

1. ***Missouri Complaint Index Report***  
summary information: <http://www.insurance.mo.gov/reports/complaint/index.htm>
2. ***Missouri Department of Insurance Annual Report***  
summary information: [http://www.insurance.mo.gov/aboutMDI/annual\\_report.htm](http://www.insurance.mo.gov/aboutMDI/annual_report.htm)
3. ***Missouri Legal Malpractice (Closed Claim) Report***  
summary information: <http://www.insurance.mo.gov/reports/legmal/index.htm>
4. ***Missouri Life, Accident & Health Supplement Data***  
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
5. ***Missouri Market Share Report***  
summary information: <http://www.insurance.mo.gov/reports/mktshr.htm>
6. ***Missouri Medical Malpractice (Closed Claim) Report***  
summary information: <http://www.insurance.mo.gov/reports/medmal/index.htm>
7. ***Missouri Product Liability (Closed Claim) Report***  
summary information: <http://www.insurance.mo.gov/reports/prodliab/index.htm>
8. ***Missouri Property & Casualty Supplement Report***  
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
9. ***Mortgage Guaranty Report***  
summary information: <http://www.insurance.mo.gov/reports/mortguar/index.htm>
10. ***Private Passenger Automobile Report***  
summary information: <http://www.insurance.mo.gov/reports/ppauto.pdf>
11. ***Missouri Health Maintenance Organization Report***  
summary information: <http://www.insurance.mo.gov/reports/hmo/index.htm>

**Databases:** For more information: <http://www.insurance.mo.gov/reports/index.htm#aggdata>

1. Medicare Supplement Experience Data
2. Commercial Liability Experience Data
3. Missouri **Zip Code Insurance Data** for:
  - Homeowners/Dwelling Fire,
  - Farmowners (dwelling only),
  - Mobile Home,
  - Earthquake, and
  - Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the **Statistics Section at (573) 751-4126**.

# **Real Estate Malpractice Insurance Report**

## **Executive Summary**

This report summarizes Missouri real estate malpractice data for 1997 to 2006. The charts, graphs and tables are limited to closed claim information and were constructed from data collected by the department as required by Section 383.060 RSMo. The premium and loss data is presented in the final section. This data was obtained from the Missouri Page 20 Supplement to the companies' annual statements.

The loss ratio for real estate malpractice in Missouri during 2006 was 33 percent. This marks the fourth time in the past ten years that the industry did not post a pure profit on all premiums. Profits stem from corrections the industry has made for over-reserving on claims in previous years.

Of 58 claims closed in 2006, insurers paid an average of \$6,433 per claim. Closed claims, both with and without payments, decreased substantially from 2005.

Over the last 10 years, 607 real estate malpractice claims were closed in Missouri — 141 (23 percent) with payment and 466 (77 percent) without payment.

In 2006, the average loss adjustment expense for all claims closed with payment was \$33,779. The expenses for all claims closed without payment averaged \$7,037.

In Section II, indemnities paid on closed claims are shown by claim characteristics. The number of closed claims, average paid claim and total amount paid are included in each of these six categories:

- Area of real estate in which the claims were filed.
- Major activity in which the agent was engaged when the alleged error or omission occurred.
- Alleged error or omission that was the most significant

reason for the claim.

- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

Four companies reported writing real estate malpractice insurance business in Missouri during 2006. The four writers were Continental Casualty Company, St Paul Fire & Marine Insurance Company, United States Liability Insurance Company and Greenwich Insurance Company.

This report was compiled using information submitted by the insurance companies. As a result, the accuracy of this report is dependent upon the accuracy of each company's data. Copies of this report will be made available in braille, large print or on audio cassette upon request. Questions regarding this report should be directed to the Statistics Section, Department of Insurance, Financial Institutions & Professional Registration, P.O. Box 690, Jefferson City, Missouri 65102-0690.

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**TEN YEAR  
SUMMARY  
(1997 - 2006)**

## TEN YEAR SUMMARY

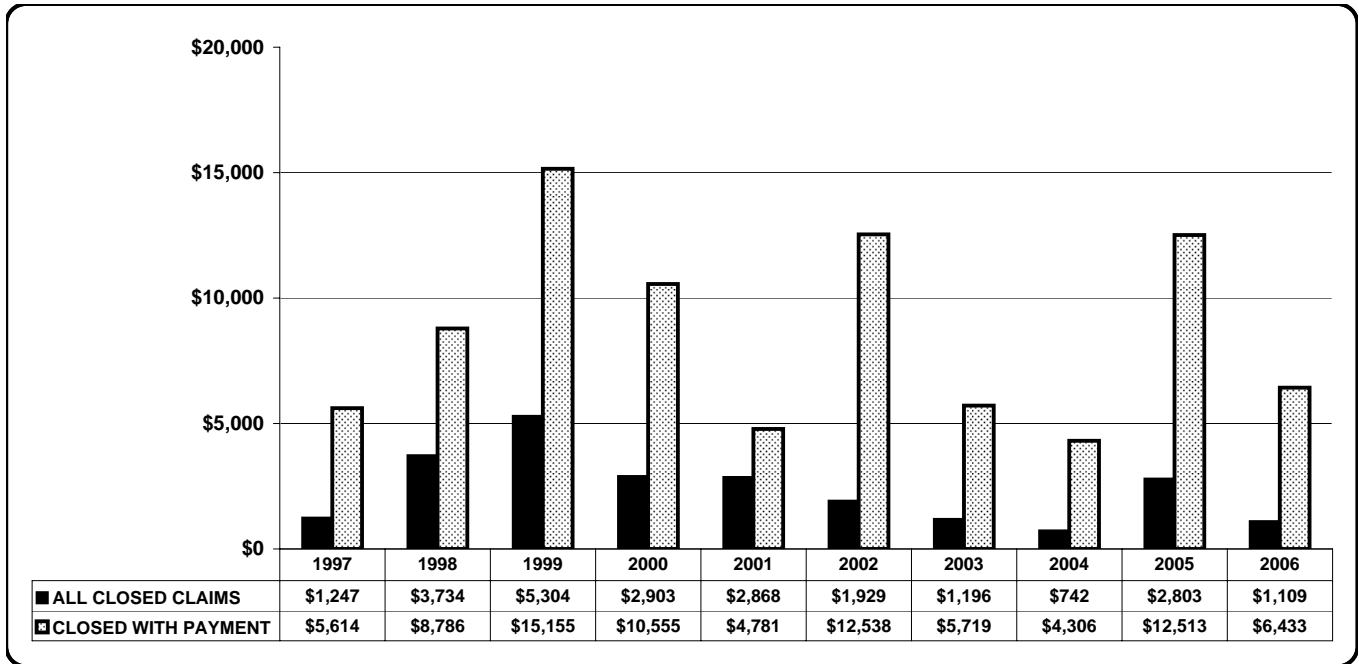
1997 - 2006

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	607	100.0%	\$1,256,621	\$2,070	\$2,219,240	\$3,656
Closed with Payment	141	23.2%	\$1,256,621	\$8,912	\$1,405,681	\$9,969
Closed without Payment	466	76.8%	\$0	\$0	\$813,559	\$1,746

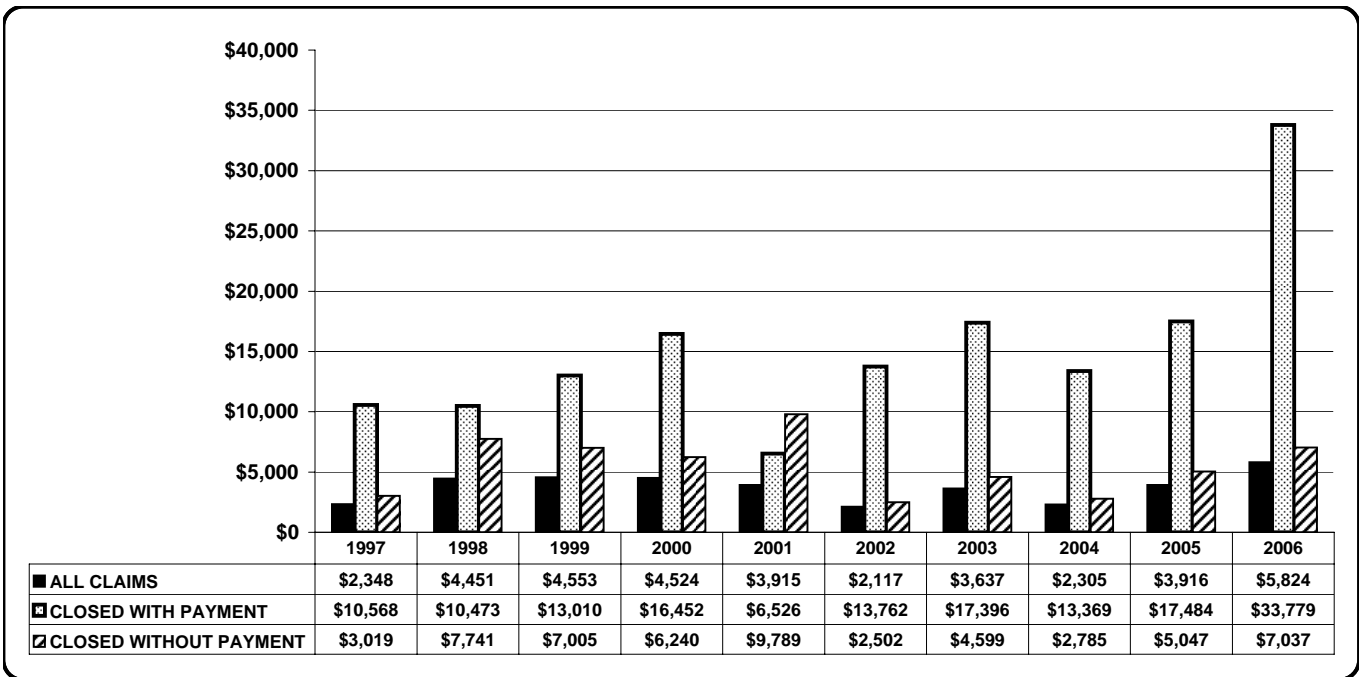


# MISSOURI REAL ESTATE MALPRACTICE INSURANCE

## Average Paid Claim

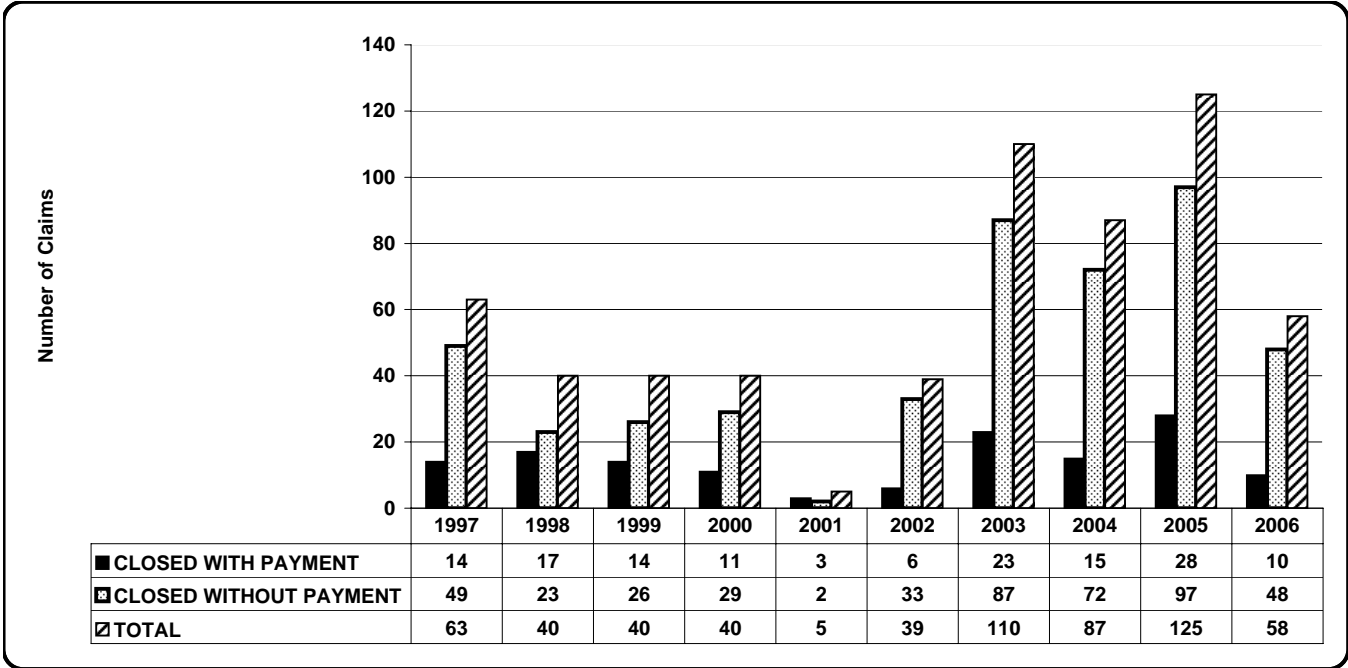


## Average Paid Loss Adjustment Expense



MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Claim Count



**TEN YEAR SUMMARY  
&  
2006 SUMMARY  
BY  
AREA OF REAL ESTATE**

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1997 - 2006**

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	493	118	83.69%	\$8,451	\$997,226	79.36%	\$3,555
AS AGENT TO PROCURE PROPERTY TO PURCHASE	114	23	16.31%	\$11,278	\$259,395	20.64%	\$4,092
<b>TOTAL</b>	<b>607</b>	<b>141</b>	<b>100.00%</b>	<b>\$8,912</b>	<b>\$1,256,621</b>	<b>100.00%</b>	<b>\$3,656</b>

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS

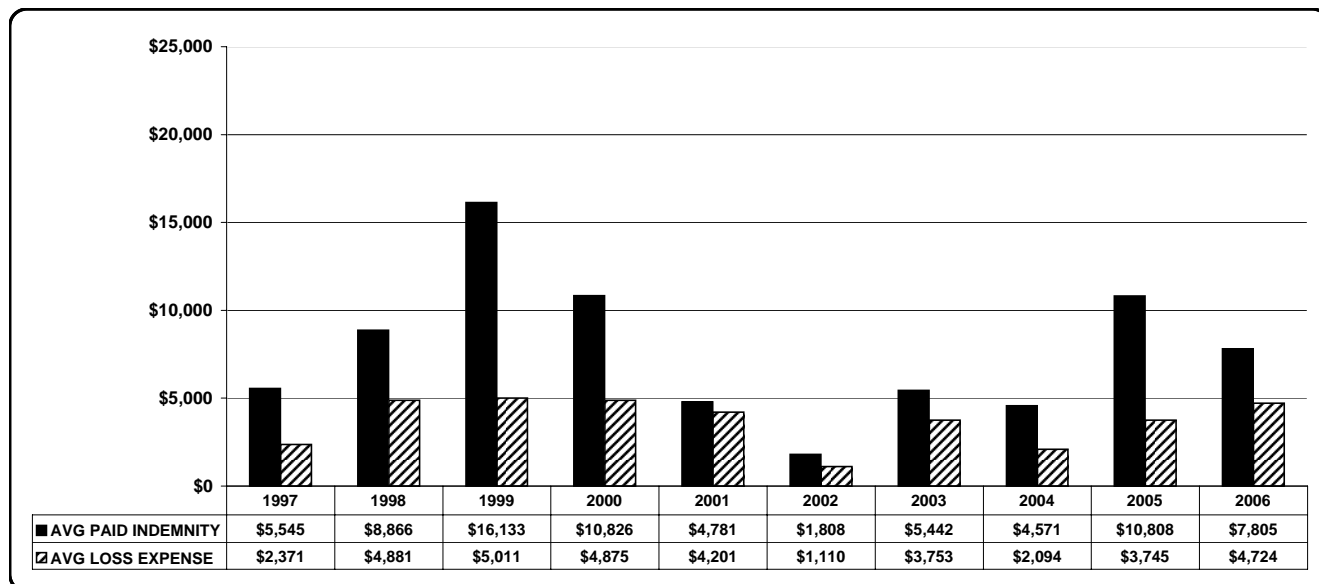
CLAIMS CLOSED IN 2006

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	41	6	60.00%	\$7,805	\$46,831	72.80%	\$4,724
AS AGENT TO PROCURE PROPERTY TO PURCHASE	17	4	40.00%	\$4,375	\$17,500	27.20%	\$8,476
TOTAL	58	10	100.00%	\$6,433	\$64,331	100.00%	\$5,824

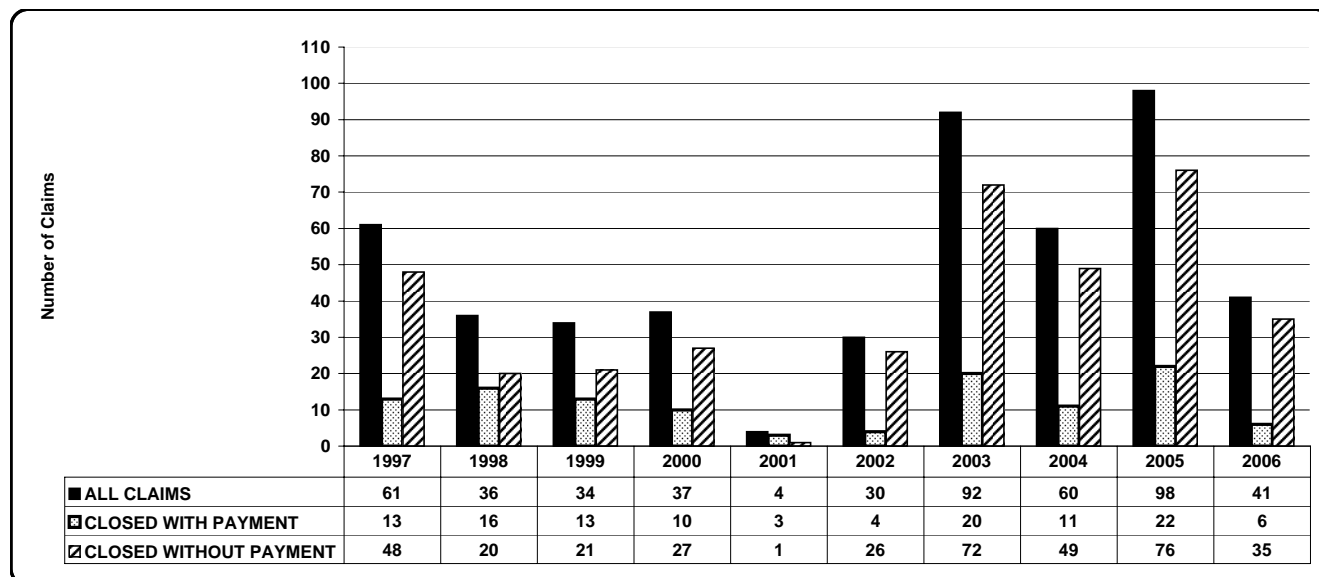
**AREA OF REAL ESTATE  
TRENDS  
OF  
2006**

## AS AGENT TO PROCURE PURCHASE OF PROPERTY

### Average Paid Indemnity & Average Loss Expense

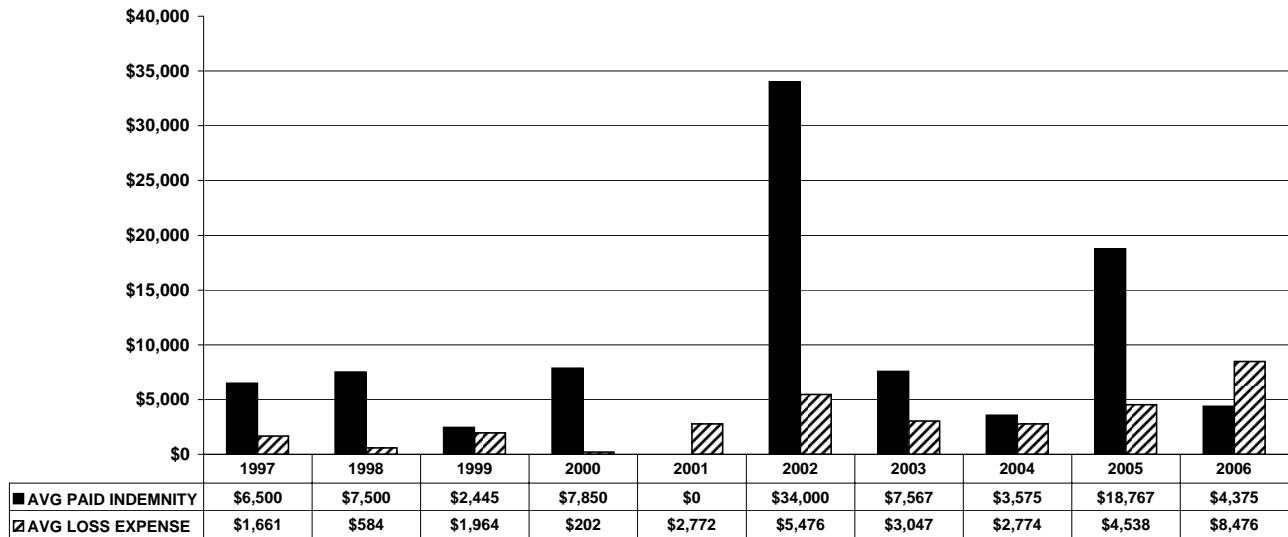


### Claim Count

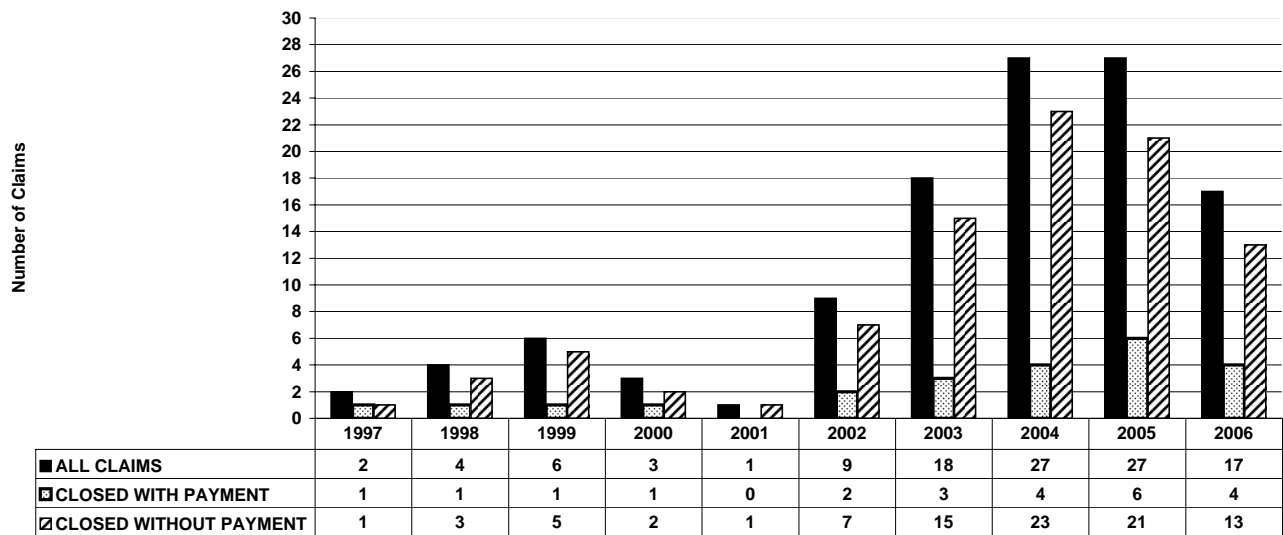


## AS AGENT TO PROCURE PROPERTY TO PURCHASE

### Average Paid Indemnity & Average Loss Expense



### Claim Count





**TEN YEAR SUMMARY  
&  
2006 SUMMARY  
BY  
MAJOR ACTIVITY**

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1997 - 2006**

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	418	94	66.67%	\$8,326	\$782,600	62.28%	\$3,463
SHOWING PROPERTY	139	32	22.70%	\$8,629	\$276,119	21.97%	\$3,678
CLOSING AND TRANSFERRING TITLE	50	15	10.64%	\$13,193	\$197,902	15.75%	\$5,210
<b>TOTAL</b>	<b>607</b>	<b>141</b>	<b>100.00%</b>	<b>\$8,912</b>	<b>\$1,256,621</b>	<b>100.00%</b>	<b>\$3,656</b>

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS

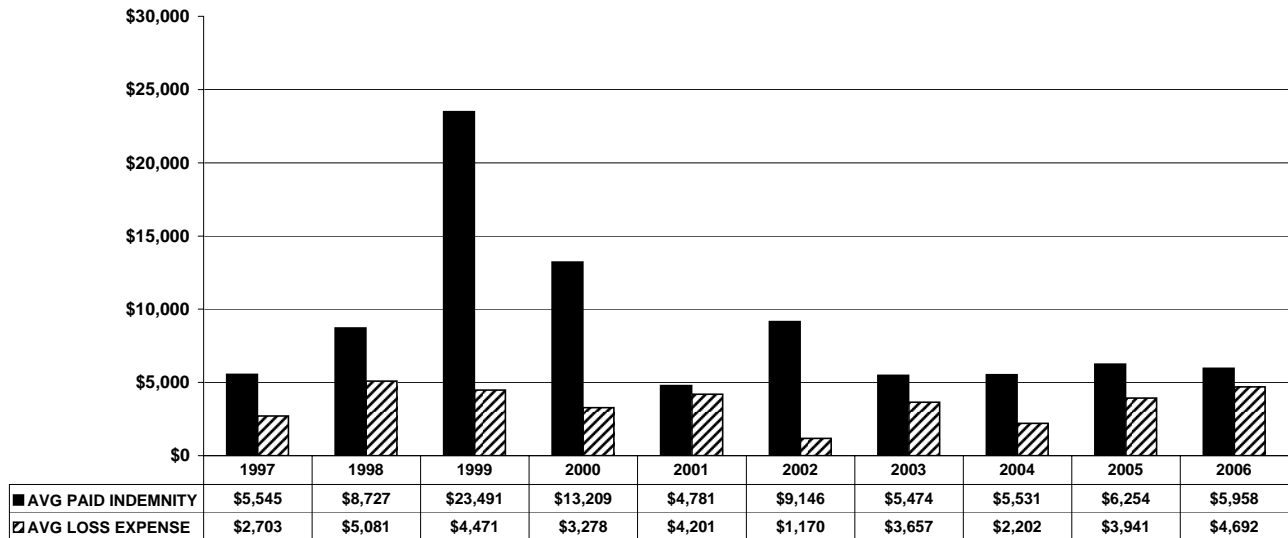
CLAIMS CLOSED IN 2006

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	36	4	40.00%	\$5,958	\$23,831	37.04%	\$4,692
SHOWING PROPERTY	17	5	50.00%	\$7,200	\$36,000	55.96%	\$7,849
CLOSING AND TRANSFERRING TITLE	5	1	10.00%	\$4,500	\$4,500	7.00%	\$7,087
TOTAL	58	10	100.00%	\$6,433	\$64,331	100.00%	\$5,824

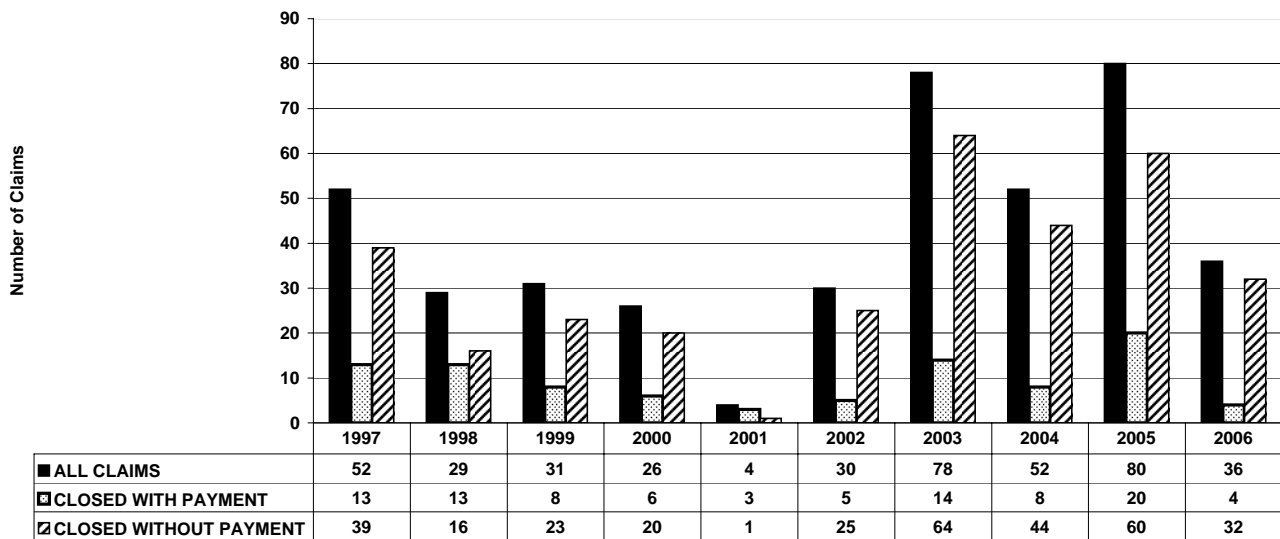
**MAJOR ACTIVITY  
TRENDS  
OF  
2006**

## LISTING THE PROPERTY FOR SALE

### Average Paid Indemnity & Average Loss Expense

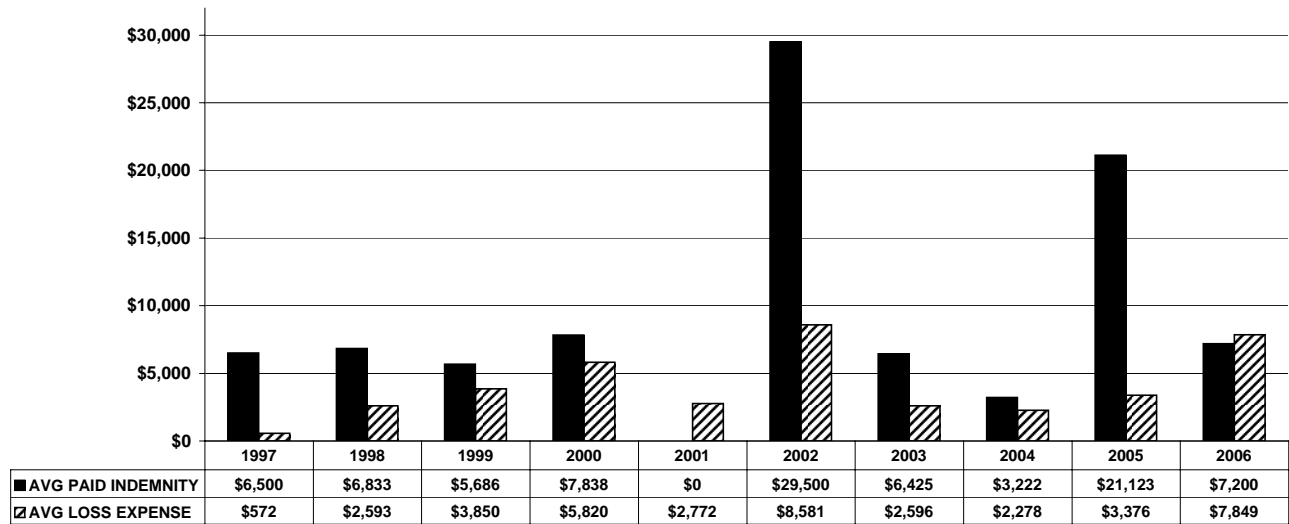


### Claim Count

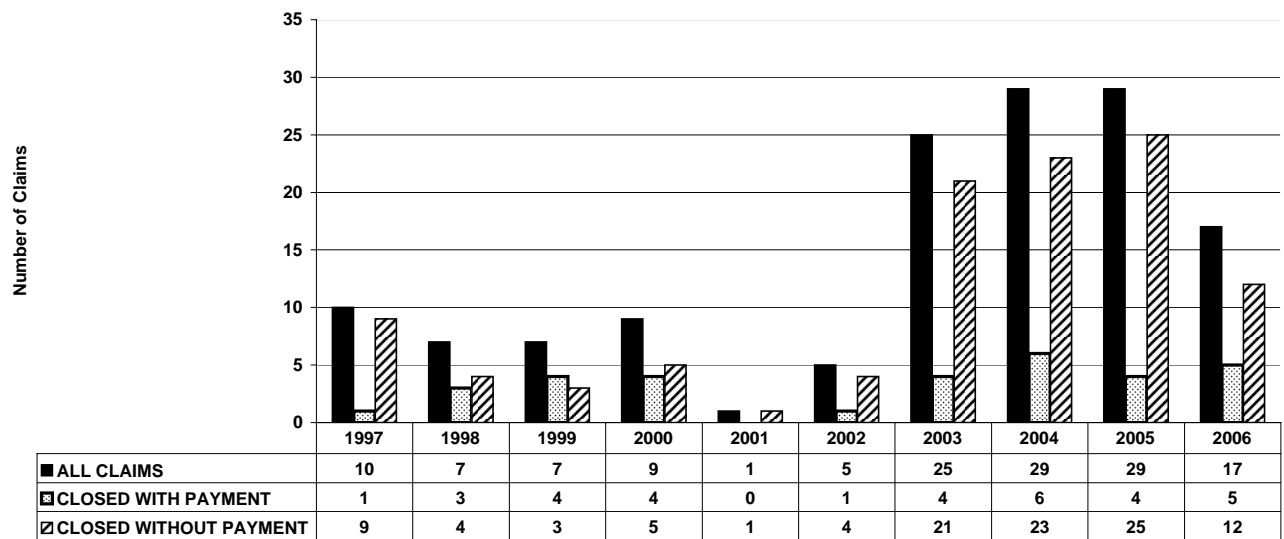


## SHOWING PROPERTY

Average Paid Indemnity & Average Loss Expense

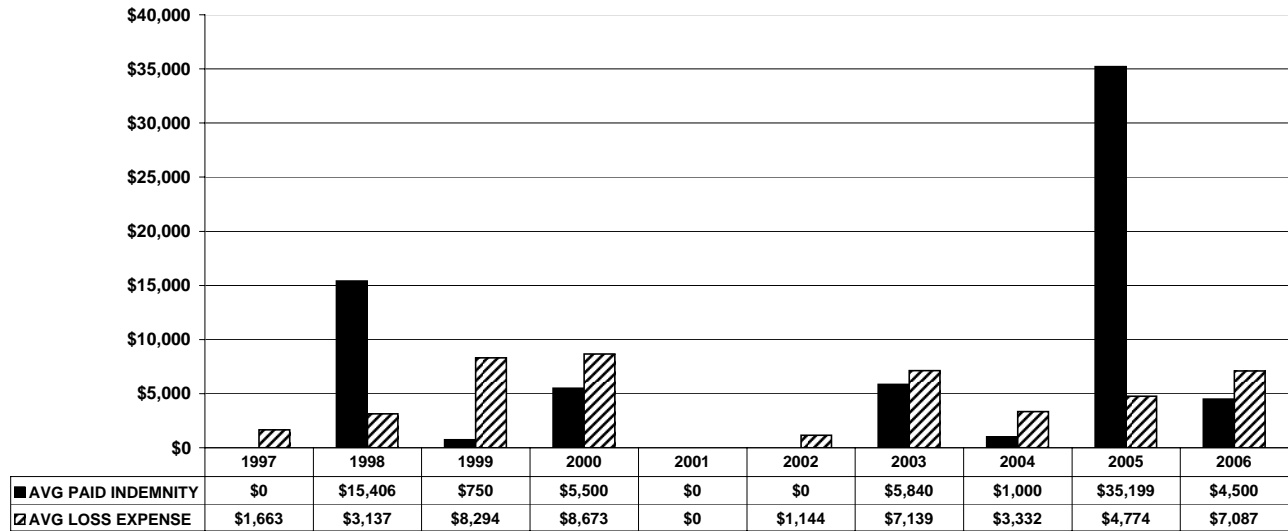


Claim Count

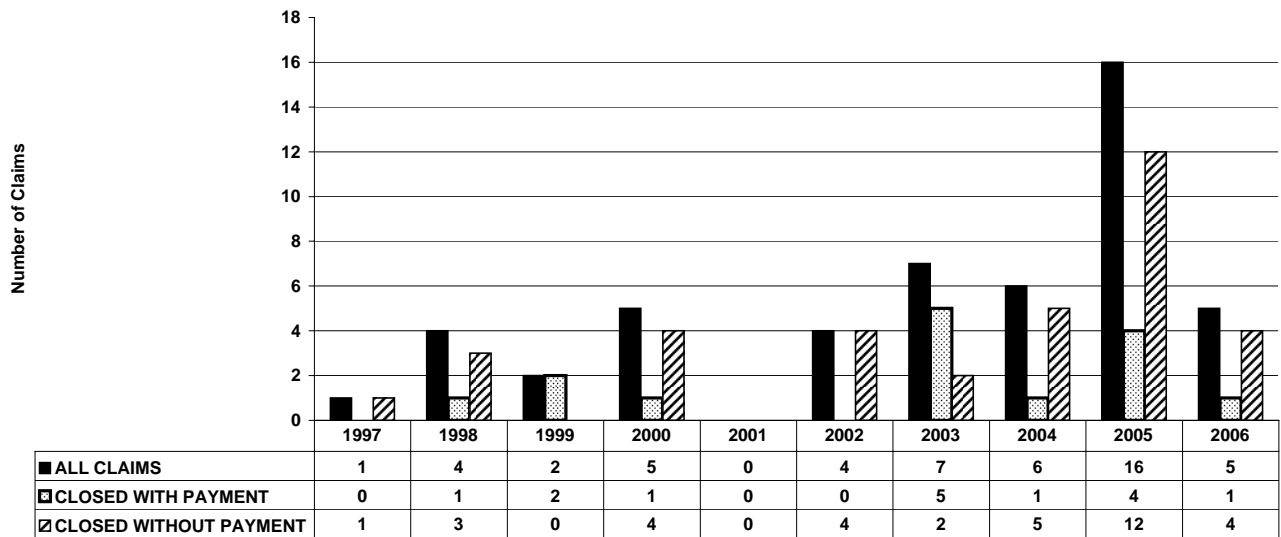


## CLOSING AND TRANSFERRING TITLE

### Average Paid Indemnity & Average Loss Expense



### Claim Count



**TEN YEAR SUMMARY  
&  
2006 SUMMARY  
BY  
ALLEGED ERROR OR OMISSION**



**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1997 - 2006**

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	434	111	78.72%	\$7,926	\$879,759	70.01%	\$3,841
OTHER	137	25	17.73%	\$13,386	\$334,662	26.63%	\$3,137
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	36	5	3.55%	\$8,440	\$42,200	3.36%	\$3,406
<b>TOTAL</b>	<b>607</b>	<b>141</b>	<b>100.00%</b>	<b>\$8,912</b>	<b>\$1,256,621</b>	<b>100.00%</b>	<b>\$3,656</b>

# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

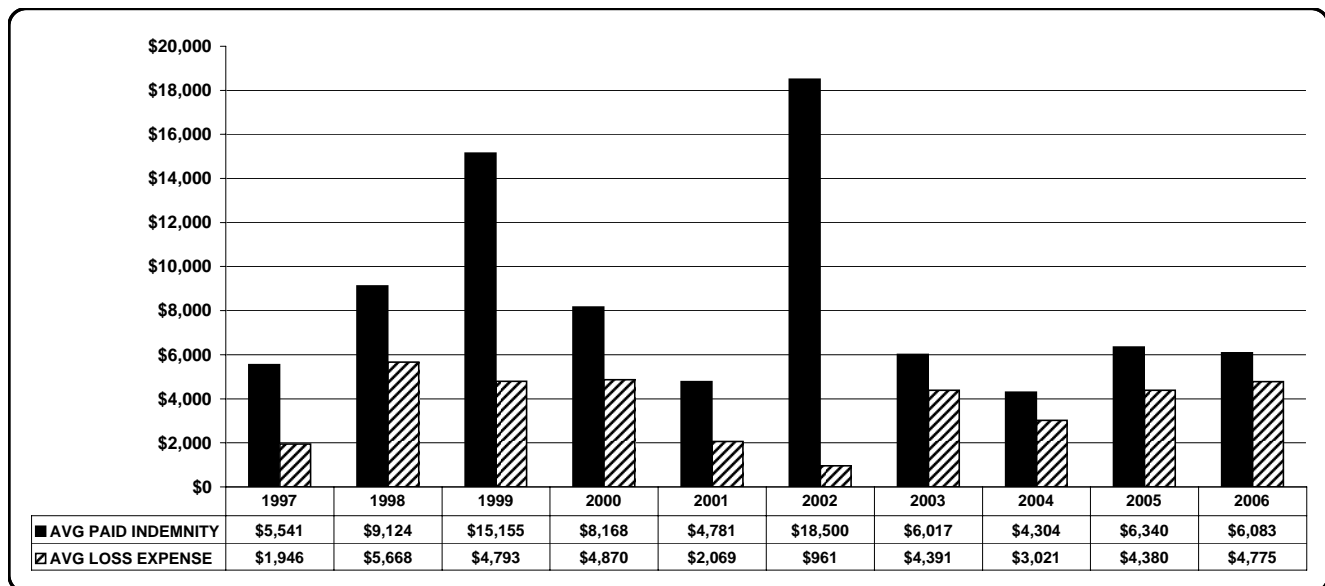
## CLAIMS CLOSED IN 2006

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	34	3	30.00%	\$6,083	\$18,250	28.37%	\$4,775
OTHER	18	6	60.00%	\$6,347	\$38,081	59.20%	\$7,649
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	6	1	10.00%	\$8,000	\$8,000	12.44%	\$6,293
TOTAL	58	10	100.00%	\$6,433	\$64,331	100.00%	\$5,824

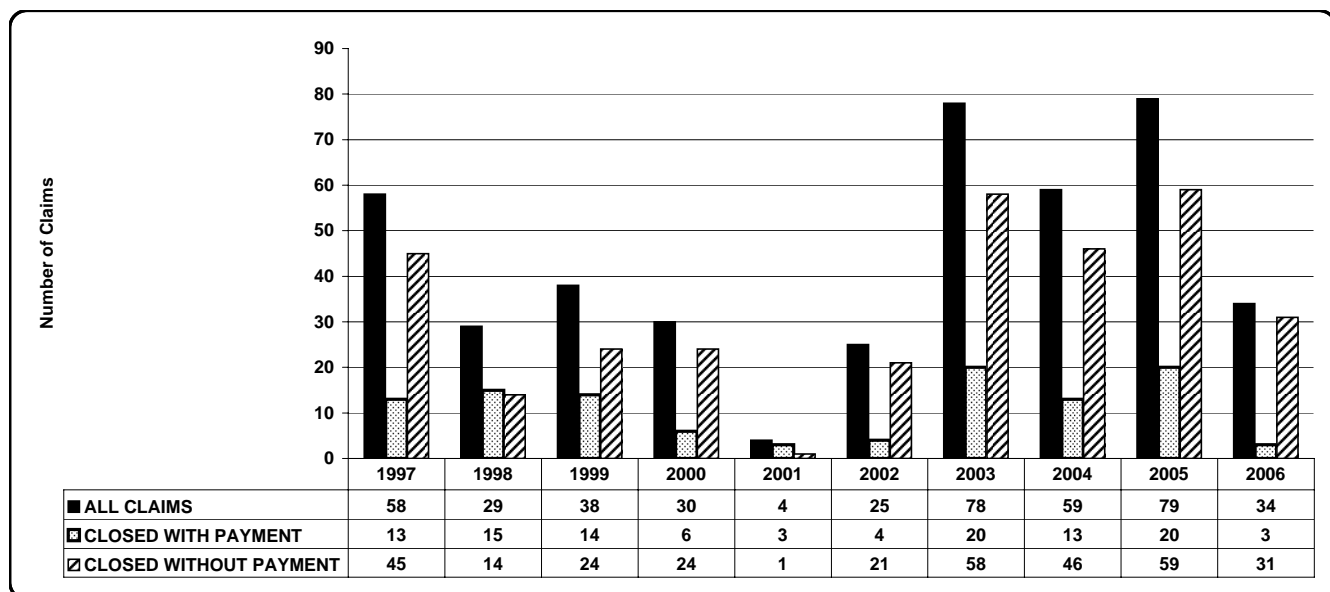
**ALLEGED ERROR OR OMISSION  
TRENDS  
OF  
2006**

## FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY

### Average Paid Indemnity & Average Loss Expense

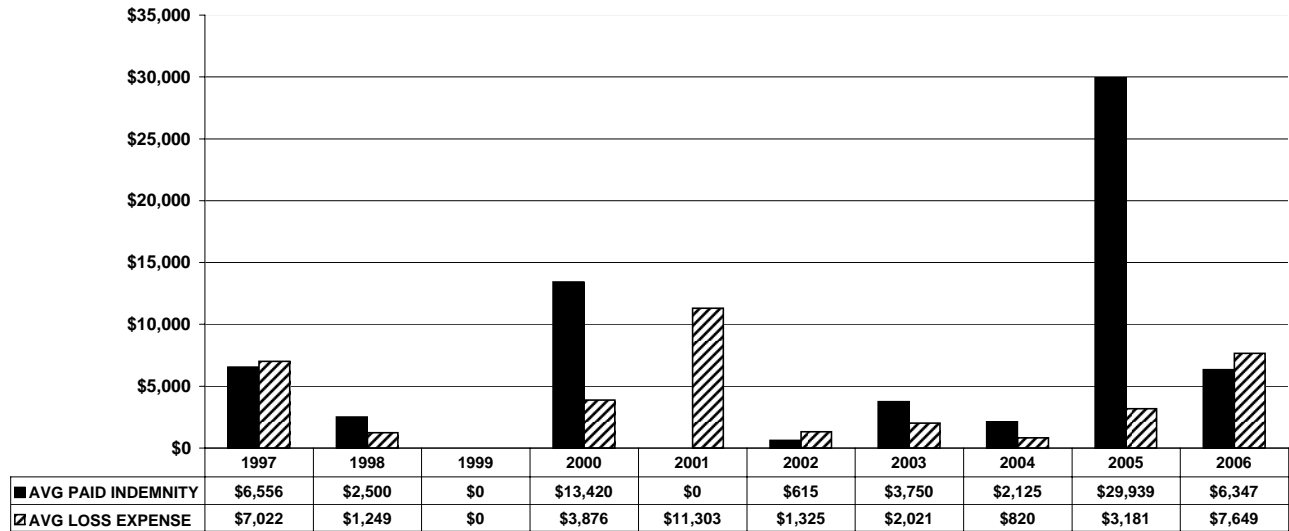


### Claim Count

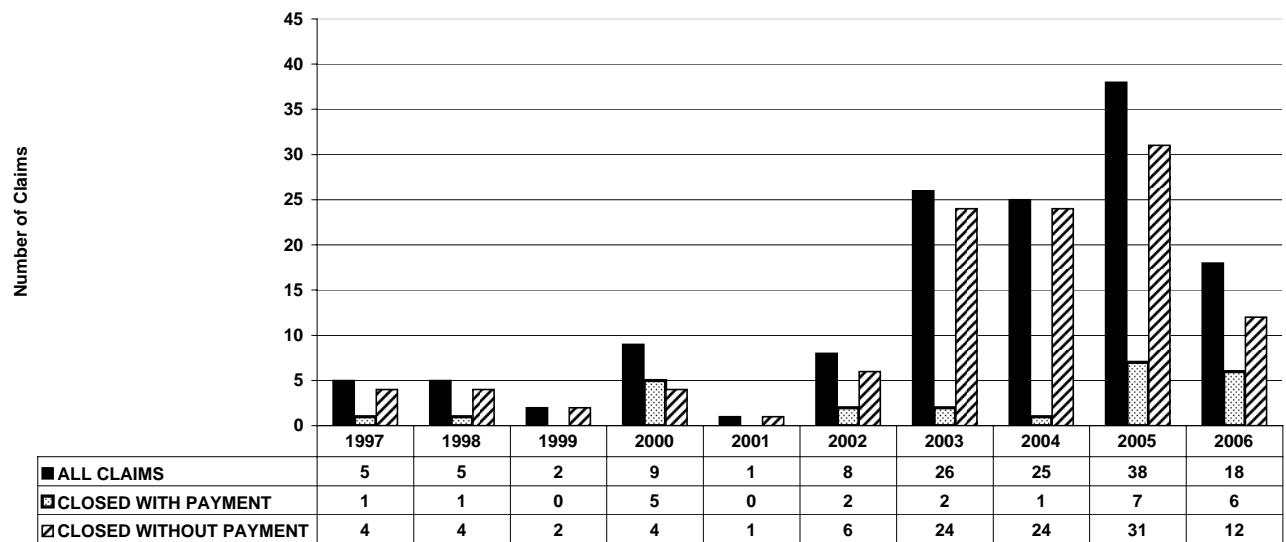


## OTHER

Average Paid Indemnity & Average Loss Expense

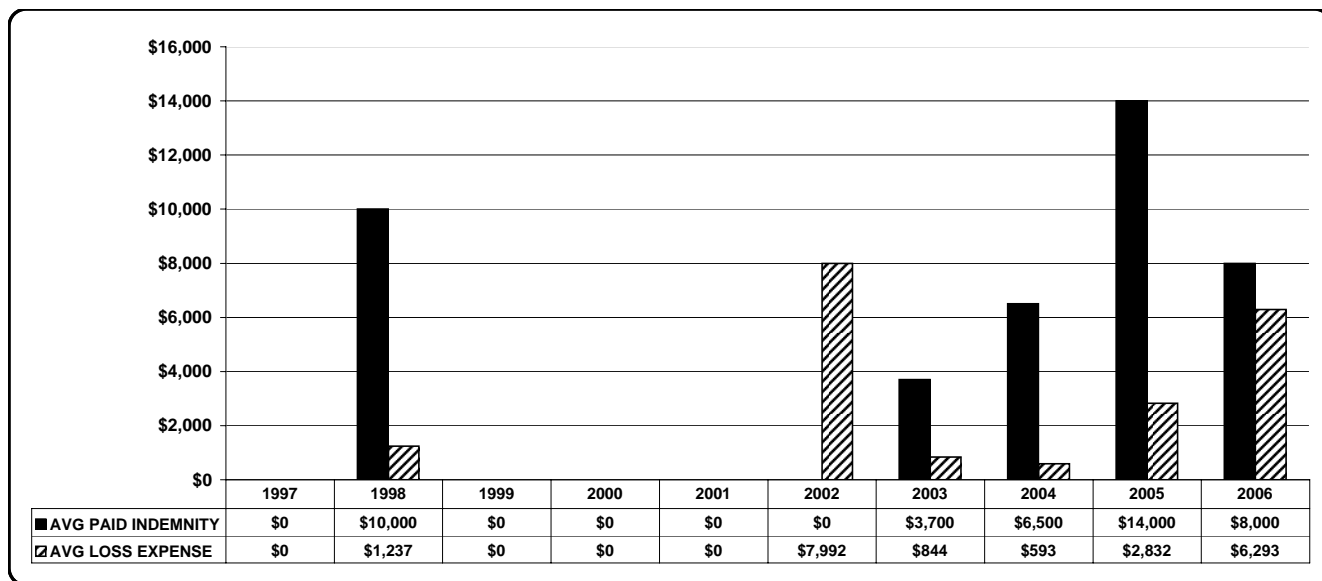


## Claim Count

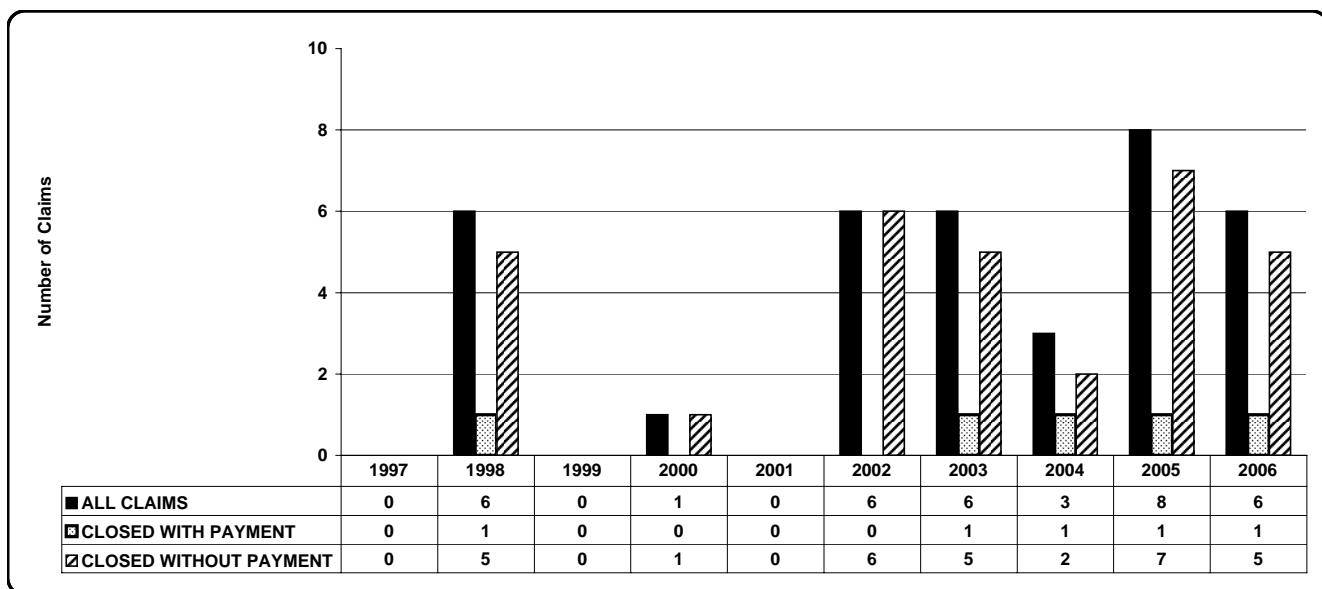


## FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY  
&  
2006 SUMMARY  
BY  
CLAIM DISPOSITION**

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1997 - 2006**

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	233	31	21.99%	\$7,062	\$218,908	17.42%	\$744
BEFORE TRIAL OR HEARING	215	104	73.76%	\$8,465	\$880,344	70.06%	\$7,934
CLAIM OR SUIT ABANDONED	125	0	0.00%	\$0	\$0	0.00%	\$682
AFTER JUDGMENT, BEFORE APPEAL	26	4	2.84%	\$30,467	\$121,869	9.70%	\$8,104
DURING TRIAL OR HEARING	6	1	0.71%	\$30,000	\$30,000	2.39%	\$1,294
DURING APPEAL	2	1	0.71%	\$5,500	\$5,500	0.44%	\$18,129
<b>TOTAL</b>	<b>607</b>	<b>141</b>	<b>100.00%</b>	<b>\$8,912</b>	<b>\$1,256,621</b>	<b>100.00%</b>	<b>\$3,656</b>



REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS

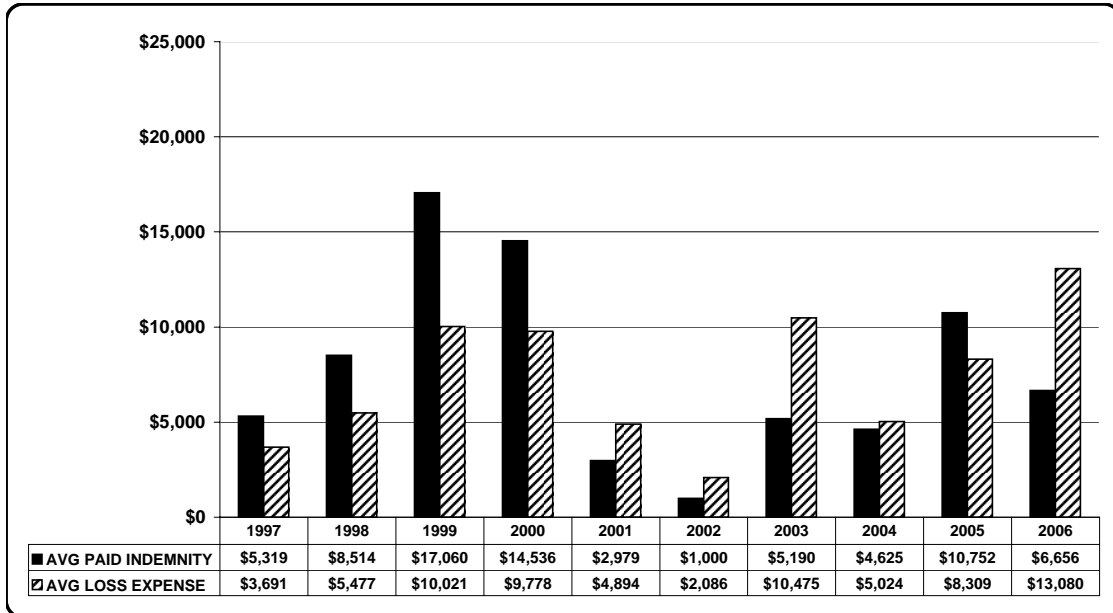
CLAIMS CLOSED IN 2006

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE TRIAL OR HEARING	24	8	80.00%	\$6,656	\$53,250	82.78%	\$13,080
BEFORE FILING SUIT OR DEMANDING HEARING	18	2	20.00%	\$5,541	\$11,081	17.22%	\$458
CLAIM OR SUIT ABANDONED	15	0	0.00%	\$0	\$0	0.00%	\$1,041
DURING APPEAL	1	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	58	10	100.00%	\$6,433	\$64,331	100.00%	\$5,824

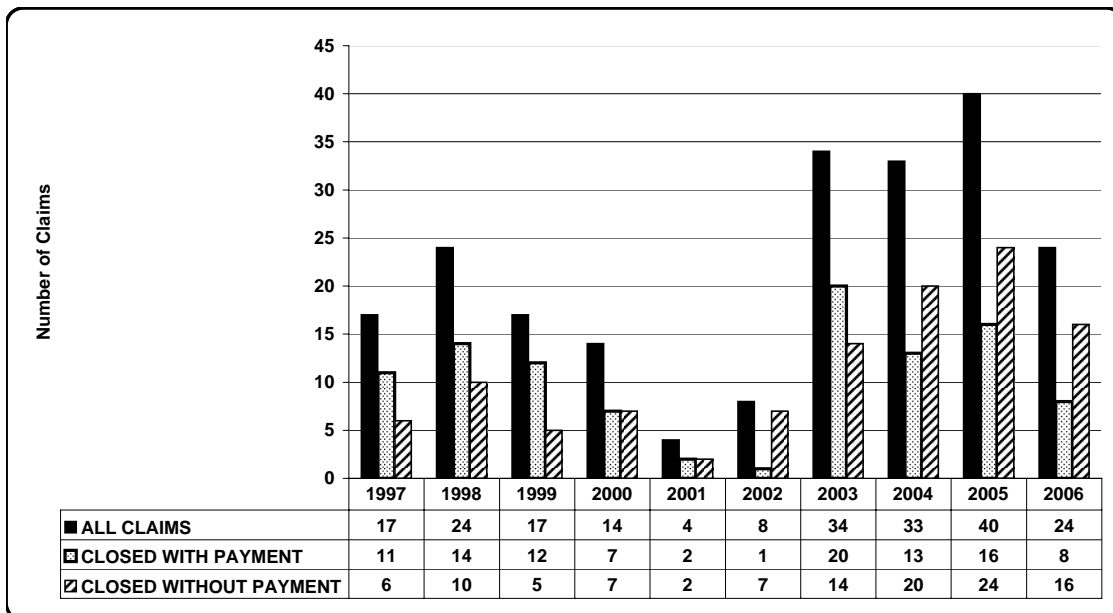
**CLAIM DISPOSITION  
TRENDS  
OF  
2006**

## BEFORE TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense

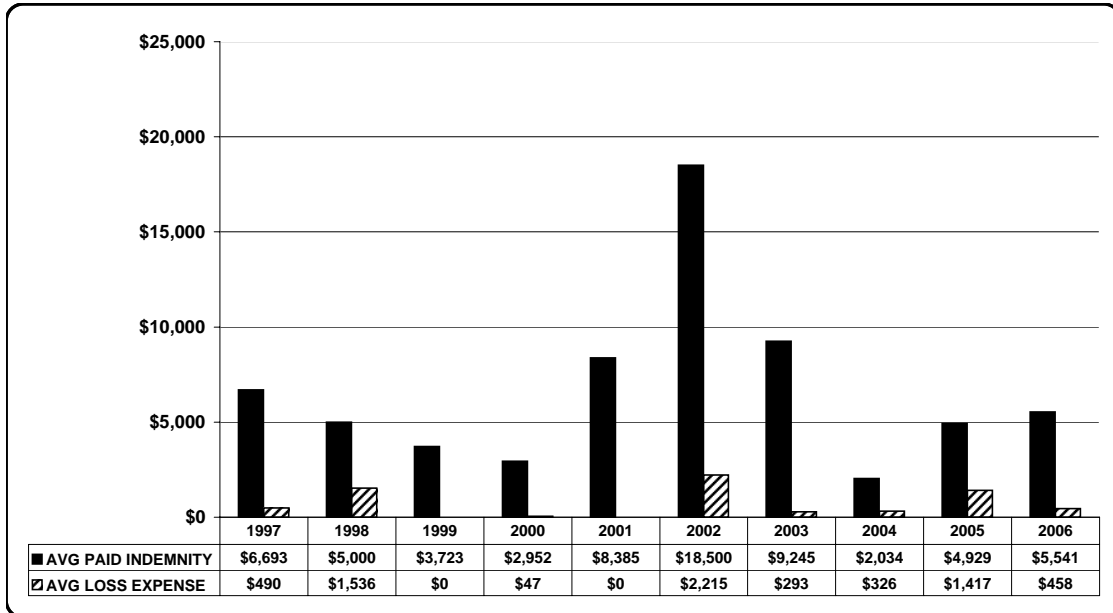


Claim Count

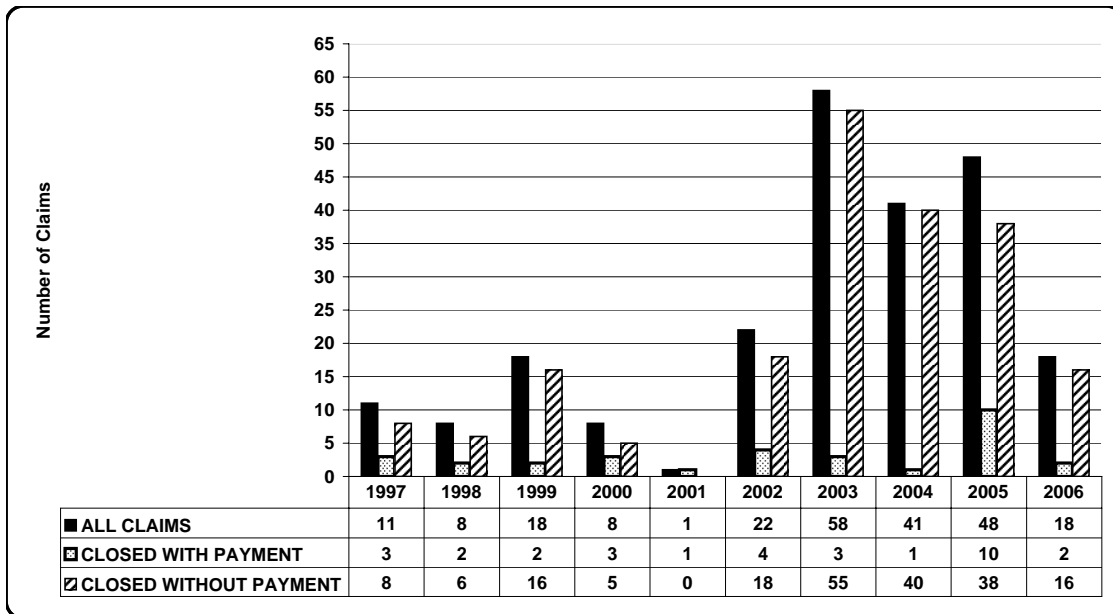


## BEFORE FILING SUIT OR DEMANDING HEARING

### Average Paid Indemnity & Average Loss Expense



### Claim Count



**TEN YEAR SUMMARY  
&  
2006 SUMMARY  
BY  
YEARS ADMITTED TO PRACTICE**

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1997 - 2006**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	389	96	68.09%	\$9,784	\$939,292	74.75%	\$4,031
4 TO 10 YEARS	177	29	20.57%	\$7,477	\$216,840	17.26%	\$2,825
UNDER 4 YEARS	41	16	11.35%	\$6,281	\$100,489	8.00%	\$3,687
<b>TOTAL</b>	<b>607</b>	<b>141</b>	<b>100.00%</b>	<b>\$8,912</b>	<b>\$1,256,621</b>	<b>100.00%</b>	<b>\$3,656</b>

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS

CLAIMS CLOSED IN 2006

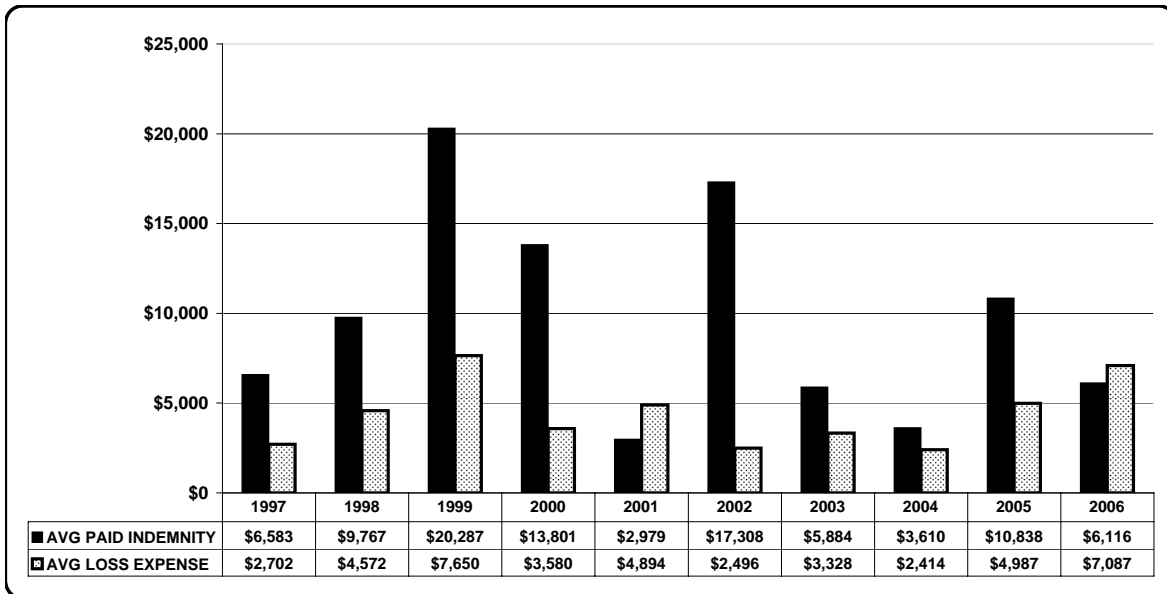
YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	31	5	50.00%	\$6,116	\$30,581	47.54%	\$7,087
4 TO 10 YEARS	18	3	30.00%	\$5,333	\$16,000	24.87%	\$5,584
UNDER 4 YEARS	9	2	20.00%	\$8,875	\$17,750	27.59%	\$1,954
TOTAL	58	10	100.00%	\$6,433	\$64,331	100.00%	\$5,824

**YEARS ADMITTED TO PRACTICE  
TRENDS  
OF  
2006**

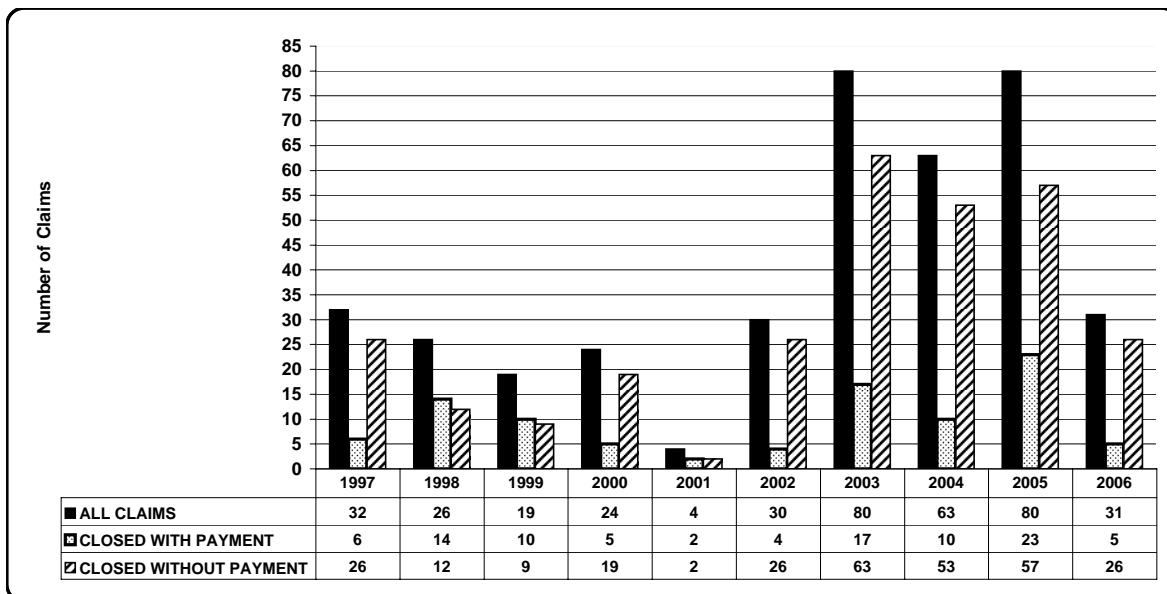


## OVER 10 YEARS

### Average Paid Indemnity & Average Loss Expense

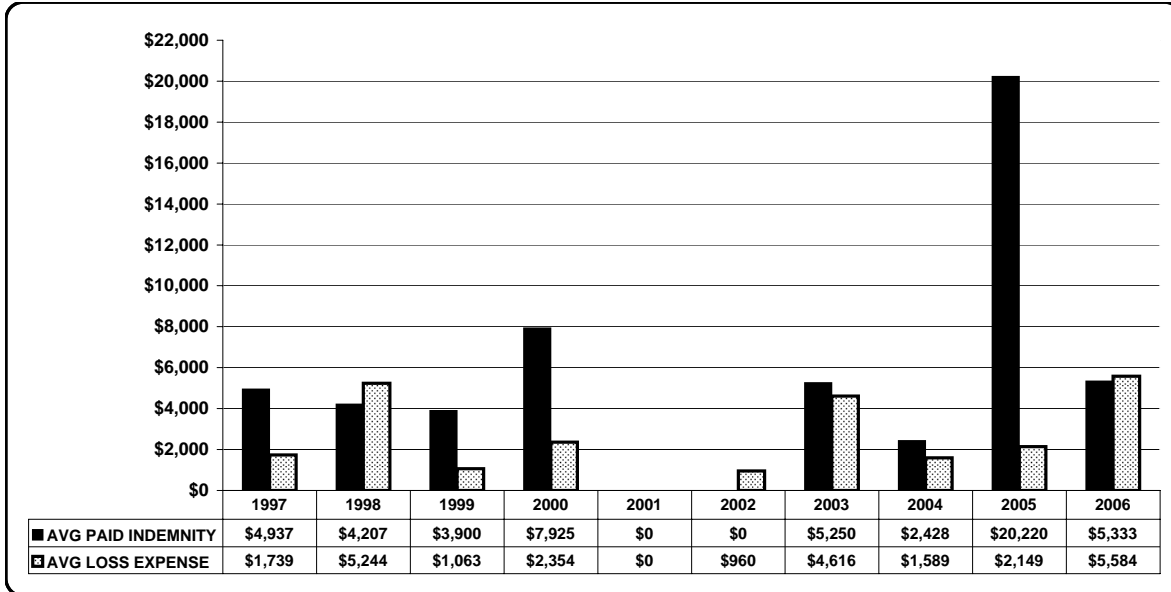


### Claim Count

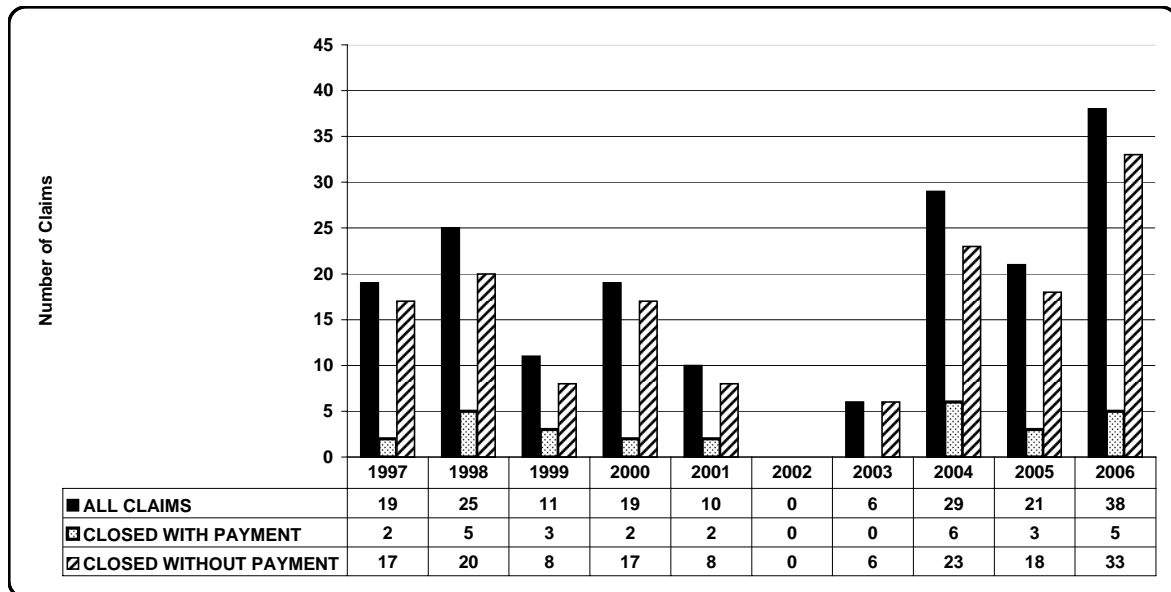


## 4 TO 10 YEARS

Average Paid Indemnity & Average Loss Expense

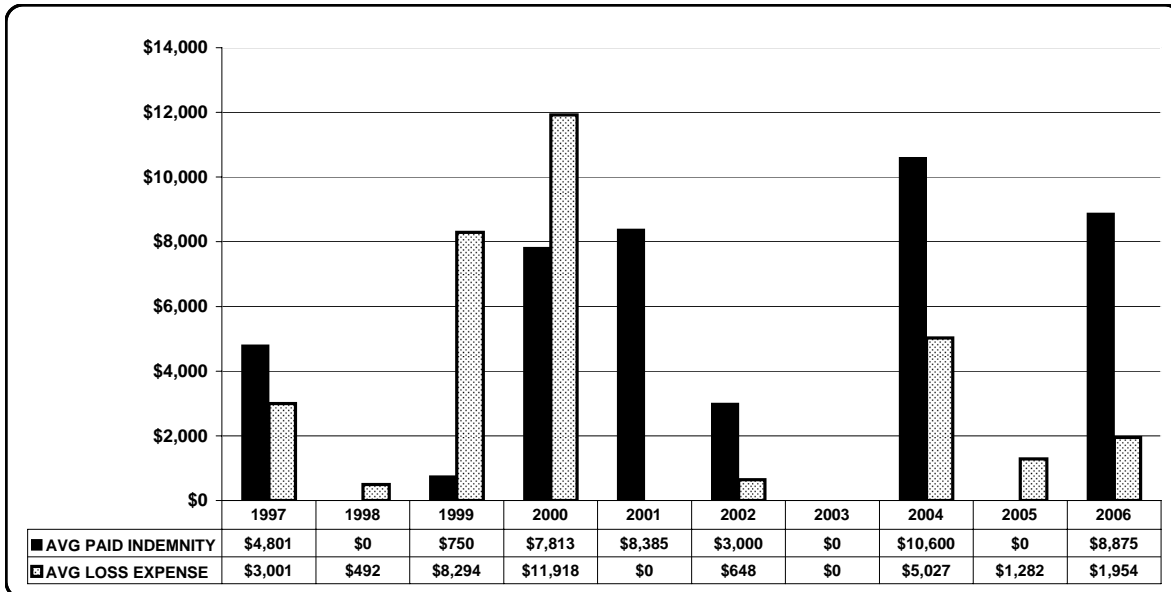


## Claim Count

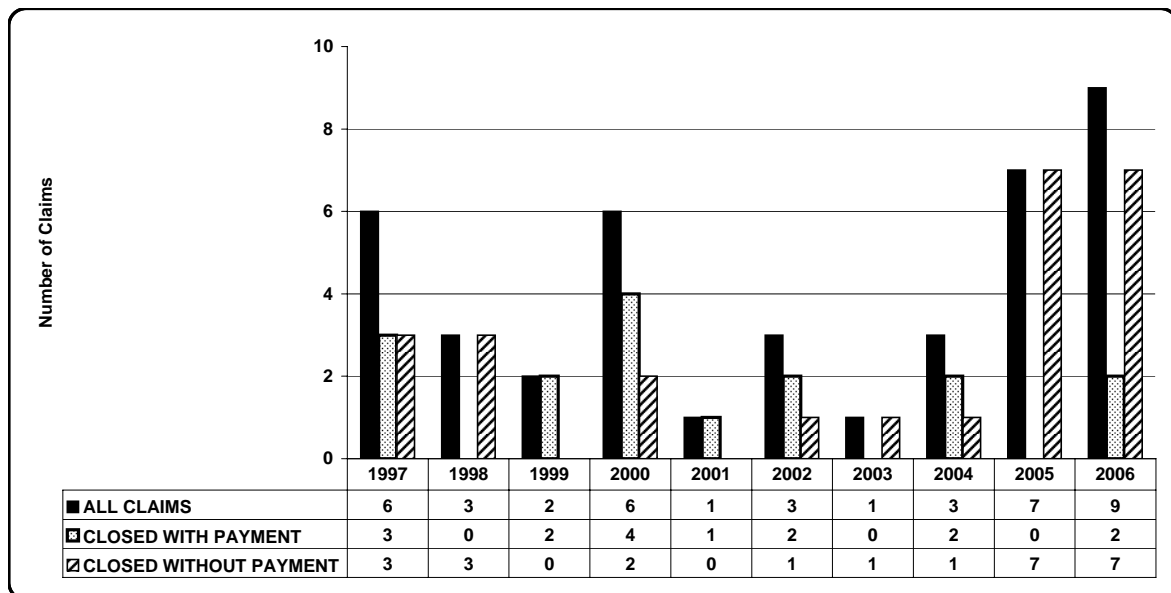


## UNDER 4 YEARS

Average Paid Indemnity & Average Loss Expense



## Claim Count



**TEN YEAR SUMMARY  
&  
2006 SUMMARY  
BY  
INSURED/CLAIMANT RELATIONSHIP**

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1997 - 2006**

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	389	84	59.57%	\$9,240	\$776,140	61.76%	\$3,444
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	218	57	40.43%	\$8,429	\$480,481	38.24%	\$4,034
<b>TOTAL</b>	<b>607</b>	<b>141</b>	<b>100.00%</b>	<b>\$8,912</b>	<b>\$1,256,621</b>	<b>100.00%</b>	<b>\$3,656</b>

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS

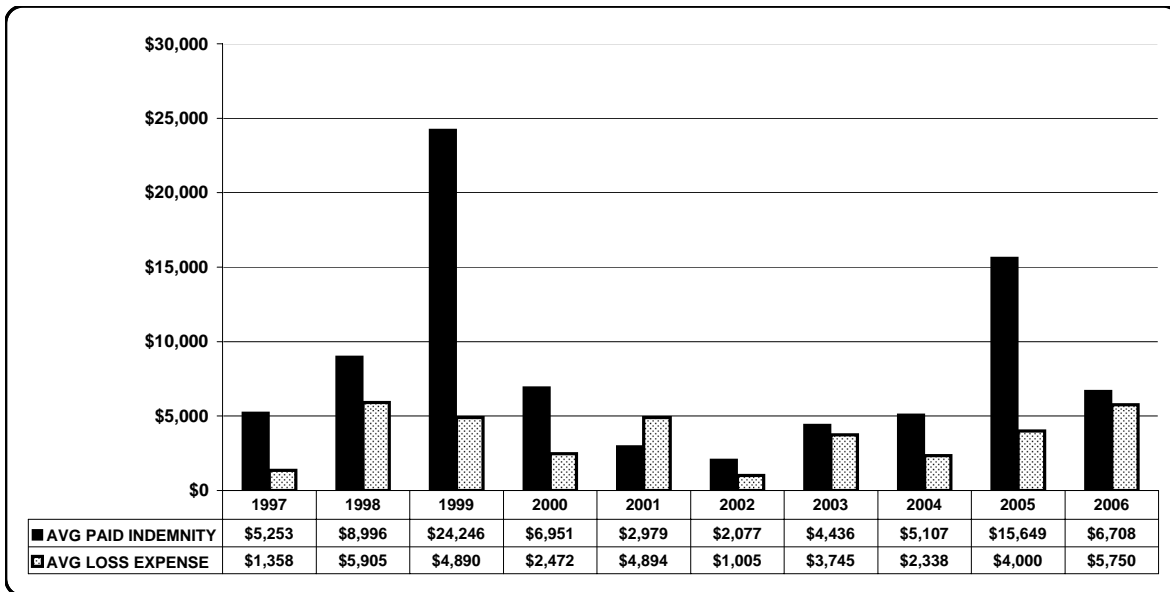
CLAIMS CLOSED IN 2006

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	33	6	60.00%	\$6,708	\$40,250	62.57%	\$5,750
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	25	4	40.00%	\$6,020	\$24,081	37.43%	\$5,921
TOTAL	58	10	100.00%	\$6,433	\$64,331	100.00%	\$5,824

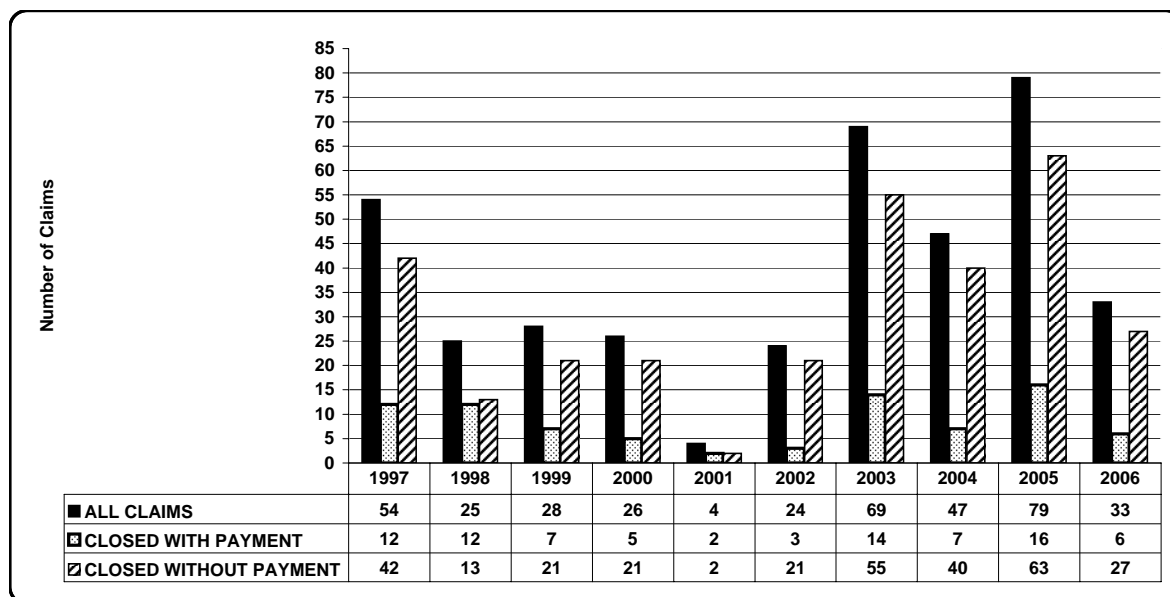
**INSURED/CLAIMANT RELATIONSHIP  
TRENDS  
OF  
2006**

## NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT

### Average Paid Indemnity & Average Loss Expense



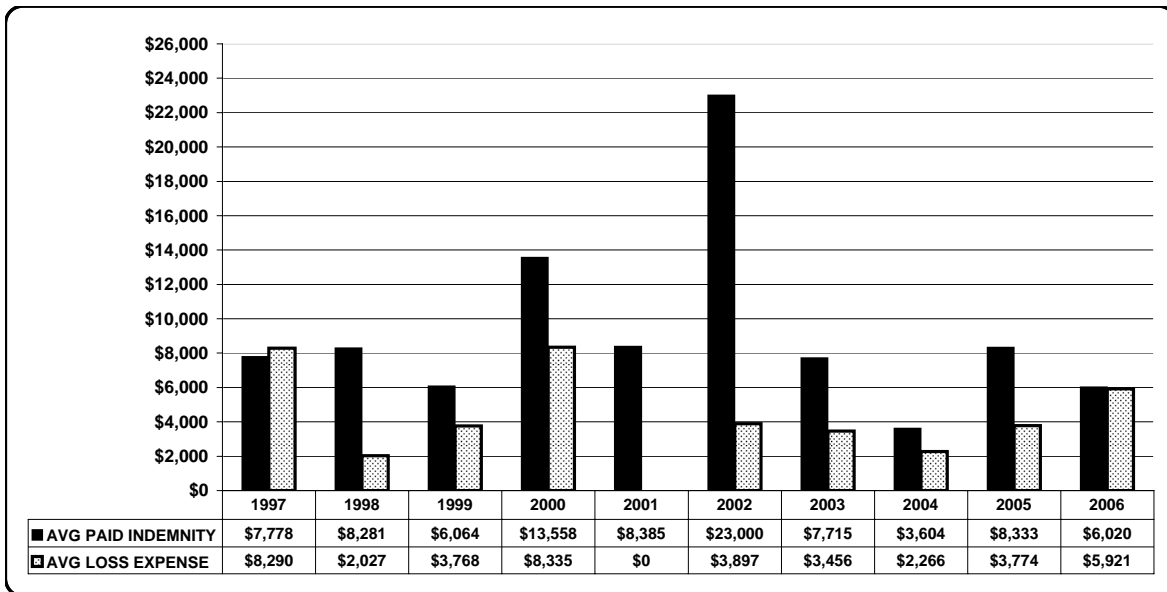
### Claim Count



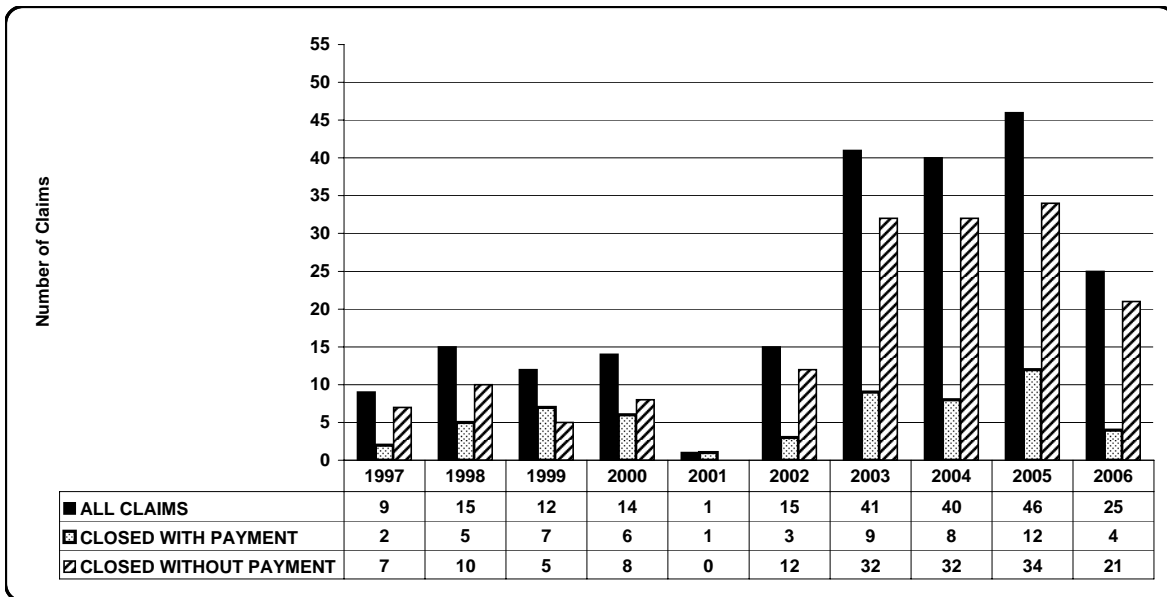


## CONTRACTUAL RELATIONSHIP WITH CLAIMANT

### Average Paid Indemnity & Average Loss Expense



### Claim Count



**PREMIUM  
AND  
LOSS DATA**

**PAGE 20 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE  
WITH MARKET SHARE**

**2006 EXPERIENCE**

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
20443	CONTINENTAL CASUALTY COMPANY	78.22%	\$1,737,866	\$1,868,365	\$711,552	38.08%
24767	ST PAUL FIRE & MARINE INSURANCE CO	11.04%	\$245,235	\$260,666	\$20,000	7.67%
25895	UNITED STATES LIABILITY INSURANCE CO	5.79%	\$128,631	\$125,932	\$18,001	14.29%
22322	GREENWICH INSURANCE COMPANY	4.95%	\$109,973	\$106,671	\$15,237	14.28%
22136	GREAT AMERICAN INS COMPANY OF NEW YORK	0.00%	\$0	\$0	\$26,064	N/A
24775	ST PAUL GUARDIAN INSURANCE COMPANY	0.00%	\$0	\$97	-\$1,140	-1175.26%
TOTAL		100.00%	\$2,221,705	\$2,361,731	\$789,714	33.44%

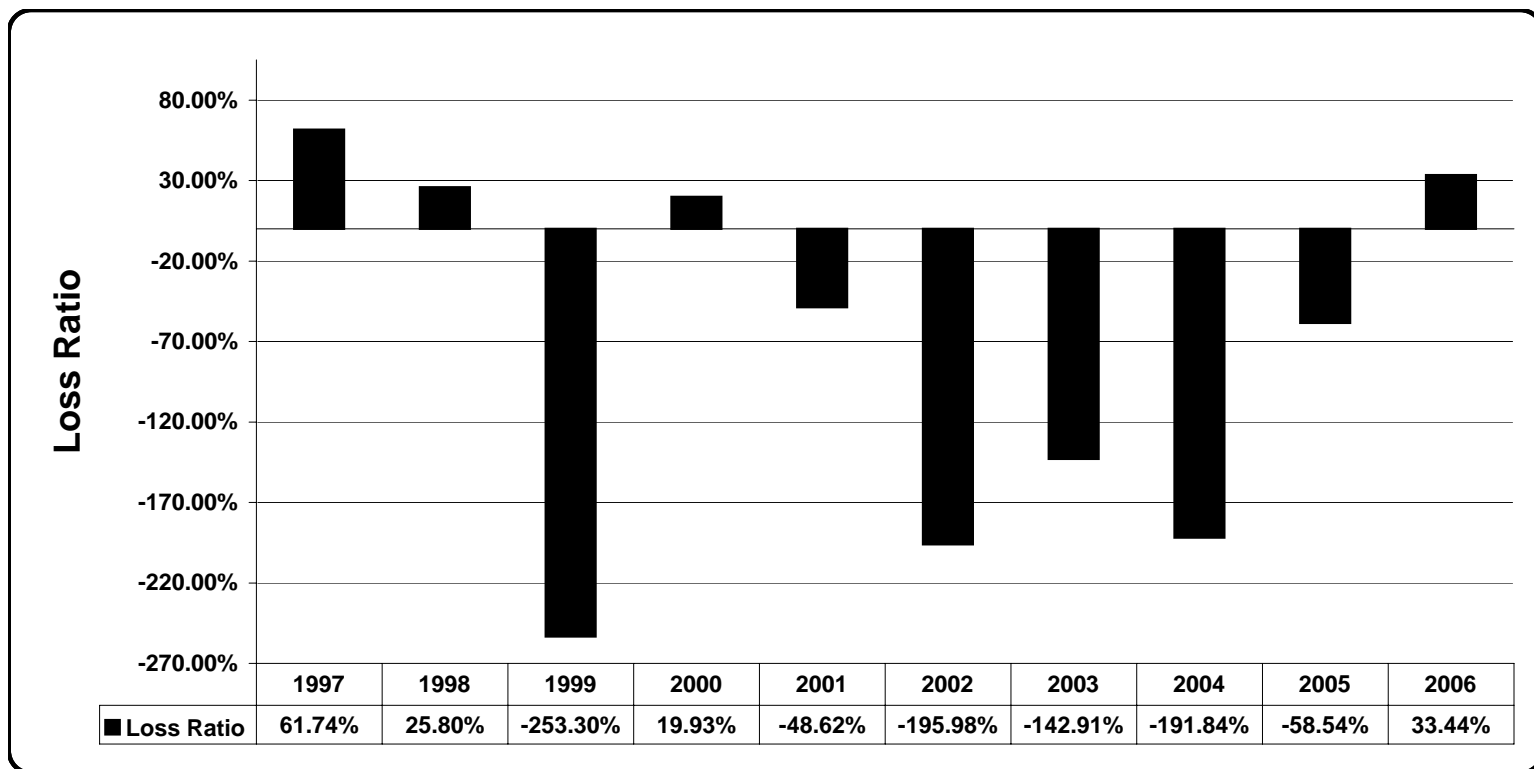
PAGE 20 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE

TEN YEAR SUMMARY

Year	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1997	\$619,604	\$651,641	\$402,297	61.74%
1998	\$1,559,815	\$1,688,776	\$435,667	25.80%
1999	\$412,988	\$117,643	-\$297,986	-253.30%
2000	\$450,419	\$80,699	\$16,082	19.93%
2001	\$627,684	-\$274,156	\$133,283	-48.62%
2002	\$1,106,459	-\$86,912	\$170,332	-195.98%
2003	\$1,502,753	-\$545,691	\$779,853	-142.91%
2004	\$2,195,145	-\$537,235	\$1,030,640	-191.84%
2005	-\$875,718	-\$905,386	\$530,005	-58.54%
2006	\$2,221,705	\$2,361,731	\$789,714	33.44%
10-Year Total	\$9,820,854	\$2,551,110	\$3,989,887	156.40%

**PAGE 20 SUPPLEMENT  
REAL ESTATE MALPRACTICE EXPERIENCE**

**TEN YEAR LOSS RATIO SUMMARY**



## DEFINITION OF TERMS

**Market Share:** The dollar amount of direct premium written by an insurer divided by the total amount of direct premiums written industry-wide for the particular line of business being analyzed, expressed as a percentage.

**Written Premium:** Amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

**Earned Premium:** The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

**Incurred Losses:** The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

**Loss Ratio:** The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.

**Indemnity Paid:** The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

**Loss Adjustment Expenses:** The cost involved in an insurance companies adjustment of losses under a policy.

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